

**MINUTES**

**MONTANA HOUSE OF REPRESENTATIVES  
53rd LEGISLATURE - REGULAR SESSION**

**JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT & TRANSPORTATION**

**Call to Order:** By REP. MARY LOU PETERSON, CHAIRMAN, on January 27, 1993, at 8:05 AM.

**ROLL CALL**

**Members Present:**

Rep. Mary Lou Peterson, Chair (R)  
Sen. Harry Fritz, Vice Chair (D)  
Rep. Marjorie Fisher (R)  
Sen. Gary Forrester (D)  
Rep. Joe Quilici (D)  
Sen. Larry Tveit (R)

**Members Excused:** None

**Members Absent:** None

**Staff Present:** Jon Moe, Legislative Fiscal Analyst  
Clayton Schenck, Legislative Fiscal Analyst  
Dan Gengler, Office of Budget & Program Planning  
Elaine Benedict, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing: DEPARTMENT OF ADMINISTRATION  
Executive Action: DEPARTMENT OF ADMINISTRATION

**HEARING ON DEPARTMENT OF ADMINISTRATION**

**Tape No. 1:A:035**

**ACCOUNTING PROGRAM**

**Informational Testimony:**

Mr. Jon Moe, Legislative Fiscal Analyst, presented an overview of the budget for the program. EXHIBITS 1 and 2

Ms. Connie Griffith, Administrator, Accounting and Management, presented testimony for the program. EXHIBIT 3. Proposed bills will create several changes that were not anticipated in preparing the budget presentation.

**GENERAL SERVICES PROGRAM**

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**Tape No. 1:A:200**

**Informational Testimony:**

Mr. Moe presented an overview of the budget for the division.  
EXHIBITS 2 and 4

**Tape No. 1:B:121**

Ms. Debra Fulton, Administrator, General Services, presented testimony for the division. EXHIBITS 5 and 6

Mr. Dan Gengler, Office of Budget and Program Planning, stated that the Executive Office recommends elimination of line-item restrictions, especially when agencies are faced with such a high amount of economic stress.

**Discussion:**

REP. JOE QUILICI agreed with Mr. Gengler, stating that, with the budget reductions being made, agencies should have flexibility and be able to run as a business.

**Informational Testimony:**

Mr. Gengler stated that the amount budgeted by the OBPP for rental rates, (\$3,458,000 proprietary fund) is essentially the amount for rental rates put into all other agency budgets. If the amount of general fund support assumed is reduced, the rent coming in will not be as high and will have to be adjusted in other agencies. Because the rates are formulated before the budget is presented, the OBPP needs legislative guidance to determine the ratio of general fund to proprietary fund.

**MAIL AND DISTRIBUTION BUREAU**

**Tape 1:B:905**

**Informational Testimony:**

Mr. Moe presented an overview of the budget for the bureau.  
EXHIBITS 2 and 7

Ms. Debra Fulton, Administrator of the General Services Division, presented testimony for the bureau. EXHIBIT 8

Mr. Gengler clarified that the approval of the Bar-Coding modification does not add an FTE. He also stated that Central Mail, because it must compete with private vendors, has strong incentive to provide premium service at the lowest possible rates.

**Questions, Responses, and Discussion:**

REP. MARJORIE FISHER asked where the bureau is located and

whether employees pick up and deliver mail to the complex. She also asked if the postal clerk in the Capitol's mail room is employed by the bureau or by the U.S. Postal Service. **Ms. Fulton** answered that the bureau is located at 920 Front Street. The clerk picks up mail at the post office, sorts it and delivers it to the agencies. Four vans pick up and deliver mail to the agencies. The postal clerk in the Capitol is an employee of the bureau.

**SEN. HARRY FRITZ** asked if it is correct that the Capitol post office was budgeted for in the previous legislative feed bill. **Mr. Fulton** responded that it was, but that this is no longer an option.

**REP. QUILICI** asked if the bar-coding system will increase the cost of mailing. **Ms. Fulton** responded that the cost would increase in order to recover the cost of equipment, but that in the long run, it would be more costly not to implement bar-coding.

**REP. FISHER** asked when the U.S. Post Office will require bar-coding. **Ms. Fulton** answered that the goal of the post office is to have 60% of the country's mail automated by 1995. If the bureau does not turn to bar-coding, discounts to the bureau will be eliminated.

**CHAIRMAN MARY LOU PETERSON** asked if the bureau has a safety program for the employees. **Mr. Fulton** answered that it does.

#### EXECUTIVE ACTION ON DEPARTMENT OF ADMINISTRATION

Tape No. 2:A:460

The department has chosen to first consider non-general fund issues and to later present the general fund issues in a comprehensive packet.

#### PROCUREMENT AND PRINTING DIVISION

##### Informational Testimony:

**Mr. Moe** reviewed the budget for the division. **EXHIBITS 2 and 9**

**Ms. Lois Menzies, Director, Department of Administration,** stated that the agency will consider the purchasing portion of the division separately and will consider it with general fund issues.

**Motion/Vote:** **REP. QUILICI** moved to accept the LFA current level base. **THE MOTION CARRIED** unanimously with four members present.

##### BUDGET ITEM PRINTING:

**Motion/Vote:** REP. QUILICI moved to authorize pass-through printing cost. THE MOTION CARRIED unanimously with four members present.

**BUDGET ITEM LEGAL FEES AND COURT COSTS:**

**Informational Testimony:**

Mr. Moe stated that the LFA does not intend to omit legal fees and court costs as stated in the presentation, EXHIBIT 9.

**Motion/Vote:** REP. QUILICI moved to reinstate the amount of \$6,355 in FY 1994 and \$6,394 in FY 1995. THE MOTION CARRIED with REP. FISHER opposing.

**BUDGET ITEM NATURAL GAS PROCUREMENT-MODIFICATION:**

**Discussion:** REP. QUILICI stated that due to access to pipeline facilities, the program has saved the state a considerable amount of money.

**Motion/Vote:** REP. FISHER moved to accept the modification request. THE MOTION CARRIED unanimously with four members present.

**BUDGET ITEM MONTANA FUELING PROGRAM:**

REP. QUILICI suggested the subcommittee forgo action on this issue until further information is gathered.

**ARCHITECTURE AND ENGINEERING PROGRAM**

Tape No. 2:A:989

**Informational Testimony:**

Mr. Moe reviewed the budget for the program. EXHIBITS 2 and 10

**Motion/Vote:** REP. QUILICI moved to accept the LFA current level base. THE MOTION CARRIED unanimously with four members present.

**BUDGET ITEM TRANSFER:**

**Informational Testimony:**

Mr. Moe suggested that if language is to be adopted, a specific dollar amount be included to ensure validity.

**Motion:** REP. FISHER moved to accept language authorizing the transfer, limiting the appropriation of long-range building money to an amount no greater than the State Special Revenue appropriation for the Architecture and Engineering Program included in the General Appropriation Act.

**Discussion:**

Mr. Tom O'Connell, Administrator, Architecture and Engineering, suggested that the language state that the amount not exceed the amount in the appropriations act plus the state pay plan.

Motion/Vote: REP. FISHER amended her motion and moved to approve the language proposed by the program, EXHIBIT 11. THE MOTION CARRIED unanimously with four members present.

**RISK MANAGEMENT AND TORT DEFENSE**

**Tape No. 2:B:150**

Informational Testimony:

Mr. Moe distributed an updated overview of the budget for the division. EXHIBIT 12. He reviewed the reductions in FTEs. EXHIBIT 2

Motion/Vote: REP. QUILICI moved to accept the LFA current level base. THE CARRIED PASSED unanimously with four members present.

BUDGET ITEM RMTD CONTRACT LEGAL SERVICES-MODIFICATION:

Mr. Brett Dahl, Administrator, Risk Management and Tort Defense, stated that the amount needed for the services cannot be accurately predicted. If the full amount is not spent, the money remains in a proprietary account.

Motion/Vote: REP. QUILICI moved to accept the modification request. THE MOTION CARRIED unanimously with four members present.

**STATE TAX APPEALS BOARD**

**Tape. No. 2:B:415**

Informational Testimony:

Mr. Moe reviewed the budget for the board. EXHIBIT 13

Motion/Vote: REP. QUILICI moved to accept the LFA current level base. THE MOTION CARRIED unanimously with four members present.

BUDGET ITEM PER DIEM:

Motion/Vote: REP. QUILICI moved to accept the request. THE MOTION CARRIED unanimously with four members present.

BUDGET ITEM 1993 APPRAISAL CYCLE-MODIFICATION:

Informational Testimony:

Mr. John McNaught, Chairman of the State Tax Appeals Board, stated that board members and the secretary are paid from the board's budget. The case load is difficult to predict and for the years Mr. McNaught has been on the board any excess funding

has been returned.

**PUBLIC EMPLOYEES' RETIREMENT**

**Tape No. 2:B:600**

**Informational Testimony:**

Mr. Moe reviewed the budget for the division. **EXHIBIT 14**

**Motion/Vote:** REP. QUILICI moved to accept the LFA current level base. **THE MOTION CARRIED** unanimously with four members present.

**BUDGET ITEM COMPUTER PROCESSING:**

**Motion/Vote:** REP. FISHER moved to accept the executive budget level for computer processing. **THE MOTION CARRIED** unanimously with four members voting.

**Informational Testimony:**

Mr. Gengler clarified that the amounts approved are figured prior to application of inflation factor. A deflation factor will be applied to this item.

**BUDGET ITEM VACANT POSITION:**

Mr. Moe reiterated the division's point that it had offered the position on Dec. 3, 1992 and that the person was working by Dec. 21.

**Motion/Vote:** REP. QUILICI moved to accept the retention of the position, stating that, since a letter of acceptance was provided, the division is legally bound. **THE MOTION CARRIED** unanimously with four members voting.

**BUDGET ITEM LANGUAGE:**

**Motion/Vote:** REP. FISHER moved to accept the language proposed. **THE MOTION CARRIED** unanimously with four members voting.

**TEACHERS' RETIREMENT PROGRAM**

**Tape No. 2:B:815**

**Informational Testimony:**

Mr. Moe reviewed the budget for the program. **EXHIBIT 15**

**Motion/Vote:** REP. QUILICI moved to accept the LFA current level base. **THE MOTION CARRIED** with four members voting.

**BUDGET ITEM MICROFILM STORAGE:**

Mr. Moe explained that the program's request for storage of \$1,250 in FY 1994 and \$1,000 in the FY 1995 would be included in

the Minor Differences portion of the LFA presentation. The storage would be paid for from the Teachers' Retirement Trust Fund.

**Motion/Vote:** REP. FISHER moved to fund \$1,250 in FY 1994 and \$1,000 in FY 1995 for microfilm storage. **THE MOTION CARRIED** unanimously with four members voting.

**BUDGET ITEM LANGUAGE:**

**Motion/Vote:** REP. FISHER moved to accept the language proposed. **THE MOTION CARRIED** unanimously with four members voting.

**BUDGET ITEM VACANT POSITION:**

**Informational Testimony:**

Mr. David Senn, Teachers' Retirement Program, stated that the program offered the position on Dec. 11, 1992 and that the position was filled and a letter sent out on Dec. 21.

**Motion/Vote:** REP. FISHER moved to reinstate the position. **THE MOTION CARRIED** unanimously with four members voting.

**PROCUREMENT AND PRINTING DIVISION**

**Tape No. 2:B:10078**

**EXHIBIT 9**

**Informational Testimony:**

Mr. Moe stated, and CHAIRMAN PETERSON verified, that Mr. Marvin Eicholtz of the Printing and Procurement Division had submitted a letter showing that position #09605 was filled on Dec. 22, 1992.

Mr. Eicholtz explained that the position of accounting technician was reclassified as that of warehouse worker and was filled on Dec. 22, 1992.

Mr. Gengler explained that when positions were identified for the "snap-shot" vacancies, they were identified by number, but the names associated were taken from six months previous to the time and some positions have been reclassified in the interim.

**Motion/Vote:** REP. FISHER moved to reinstate 1 FTE as a warehouse worker, with the understanding that documentation of the reclassification of positions be provided. **THE MOTION CARRIED** unanimously with four members voting.

ADJOURNMENT

Adjournment: 11:45 AM

  
\_\_\_\_\_  
REP. MARY LOU PETERSON, Chair

  
\_\_\_\_\_  
ELAINE BENEDICT, Secretary

MLP/EB



HOUSE OF REPRESENTATIVES

Gen. Gov. & Hwys.

SUB-COMMITTEE

ROLL CALL

DATE

1/27/93

| NAME                         | PRESENT | ABSENT | EXCUSED |
|------------------------------|---------|--------|---------|
| Rep. Mary Lou Peterson Chair | X       |        |         |
| Sen. Harry Fritz Vice Chair  | X       |        |         |
| Rep. Marjorie Fisher         | X       |        |         |
| Sen. Gary Forrester          | X       |        |         |
| Rep. Joe Quilici             | X       |        |         |
| Sen. Larry Tveit             | X       |        |         |
|                              |         |        |         |
|                              |         |        |         |

| 6101 03 00000<br>DEPARTMENT OF ADMINISTRATION<br>Program Summary |                           | Accounting Program        |                       |                 |                        |                       |                 |                        |
|--|---------------------------|---------------------------|-----------------------|-----------------|------------------------|-----------------------|-----------------|------------------------|
| Budget Item  | Current Level Fiscal 1992 | Current Level Fiscal 1993 | Executive Fiscal 1994 | LFA Fiscal 1994 | Difference Fiscal 1994 | Executive Fiscal 1995 | LFA Fiscal 1995 | Difference Fiscal 1995 |
| FTE  | 24.25                     | 24.25                     | 22.83                 | 24.25           | (1.42)                 | 22.83                 | 24.25           | (1.42)                 |
| Personal Services  | 729,050                   | 690,139                   | 784,308               | 808,784         | (24,476)               | 786,618               | 811,201         | (24,583)               |
| Operating Expenses   | 342,536                   | 335,461                   | 353,944               | 345,962         | 7,982                  | 309,105               | 295,515         | 13,590                 |
| Equipment  | <u>2,871</u>              | <u>0</u>                  | <u>5,563</u>          | <u>4,297</u>    | <u>1,266</u>           | <u>2,944</u>          | <u>2,801</u>    | <u>143</u>             |
| Total Costs  | \$1,074,457               | \$1,025,600               | \$1,143,815           | \$1,159,043     | (\$15,228)             | \$1,098,667           | \$1,109,517     | (\$10,850)             |
| <b>Fund Sources</b>  |                           |                           |                       |                 |                        |                       |                 |                        |
| General Fund   | 1,043,181                 | 993,239                   | 1,075,669             | 1,090,895       | (15,226)               | 1,030,741             | 1,041,591       | (10,850)               |
| Proprietary Fund   | <u>31,276</u>             | <u>32,361</u>             | <u>68,146</u>         | <u>68,148</u>   | <u>(2)</u>             | <u>67,926</u>         | <u>67,926</u>   | <u>0</u>               |
| Total Funds  | \$1,074,457               | \$1,025,600               | \$1,143,815           | \$1,159,043     | (\$15,228)             | \$1,098,667           | \$1,109,517     | (\$10,850)             |

**Page References**

LFA Budget Analysis A-177 to A-215  
Stephens Executive Budget A79 to A92

**Current Level Differences**

|   | Exec. Over(Under) Fiscal 1994 | LFA Fiscal 1995 |
|---|-------------------------------|-----------------|
| PERSONAL SERVICES—The LFA current level is higher because it includes all positions funded by the 1991 legislature including the "5 percent reduction" FTE (1.42 FTE in this program).                          | (24,476)                      | (24,583)        |
| CONSULTING SERVICES—The LFA current level uses the fiscal 1992 actual expenditures. The executive current level for fiscal 1995 anticipates a 10 percent increase resulting from increased contractor costs.    |                               | 1,200           |
| COMPUTER PROCESSING—The LFA current level is lower but provides for a base increase of \$6,806 in each year. The executive current level anticipates a higher increase in the number of transactions processed. | 6,733                         | 11,879          |
| SYSTEMS DEVELOPMENT—The LFA current level uses \$39/hour rate in both years. Executive uses \$40/hour for second year.  |                               | 1,670           |
| PRINTING—The LFA current level includes a \$754 per year increase to the fiscal 1992 actual expenditures base for the purpose of updating eight Montana Operating Manual chapters.                              | 1,080                         | 1,170           |
| EDUCATION/TRAINING—The LFA current level uses fiscal 1992 actual expenditures.  | 908                           | 908             |
| MINOR DIFFERENCES   | 2,550                         | 1,484           |
| INFLATION DIFFERENCES   | (2,023)                       | (4,578)         |
| TOTAL CURRENT LEVEL DIFFERENCES   | (15,228)                      | (10,850)        |

**Budget Modifications**

|  |        |        |
|--|--------|--------|
| CMIA IMPLEMENTATION—This budget modification adds 0.5 FTE and \$30,000 federal revenue each year of the biennium to implement and administer the federal Cash Management Improvement Act (CMIA) of 1990. This act requires states to determine the amount of interest earned on federal funds transferred to the state before the state expends the funds. It also requires states to determine interest lost due to expenditure of state funds on behalf of federal programs. | 30,057 | 30,058 |
|--|--------|--------|

**Language**

None

DEPARTMENT OF ADMINISTRATION  
 Positions Removed by Joint Committee Action  
 House Appropriations & Senate Finance and Claims  
 January 6, 1993

EXHIBIT 2  
 DATE 1/27/93  
 HB           

EXI  
 E

| Position #                        | Position Description       | Total Personal Services |                  | FTE                        |                            | Total FTE<br>Removed | Non-Approp.<br>FTE |
|-----------------------------------|----------------------------|-------------------------|------------------|----------------------------|----------------------------|----------------------|--------------------|
|                                   |                            | Fiscal 1994             | Fiscal 1995      | Removed by<br>5% Reduction | Removed by<br>Being Vacant |                      |                    |
| <b>General Fund Positions</b>     |                            |                         |                  |                            |                            |                      |                    |
| Director's Office                 |                            |                         |                  |                            |                            |                      |                    |
| 00001                             | Director                   | \$6,942                 | \$6,950          | 0.11                       |                            | 0.11                 |                    |
| 00003                             | Deputy Director            | 6,907                   | 6,915            | 0.11                       |                            | 0.11                 |                    |
| Accounting & Management Support   |                            |                         |                  |                            |                            |                      |                    |
| 07014                             | Management Analyst IV      | 40,067                  | 40,121           |                            | 1.00                       | 1.00                 |                    |
| 07017                             | Management Analyst II      | 12,500                  | 12,528           | 0.42                       |                            | 0.42                 |                    |
| 12004                             | Personnel Tech II          | 5,761                   | 6,313            | 0.25                       |                            | 0.25                 |                    |
| 12006                             | Accounting Tech            | 12,358                  | 12,424           | 0.50                       |                            | 0.50                 |                    |
| ** 12013                          | Personnel Specialist       | 5,971                   | 5,980            | 0.25                       |                            | 0.25                 |                    |
| 12015                             | Accountant                 | 35,280                  | 35,598           |                            | 1.00                       | 1.00                 |                    |
| Procurement & Printing            |                            |                         |                  |                            |                            |                      |                    |
| 04008                             | Admin Officer I            | 23,822                  | 23,853           | 0.83                       |                            | 0.83                 |                    |
| State Personnel Division          |                            |                         |                  |                            |                            |                      |                    |
| 00056                             | Labor Relations Specialist | 31,347                  | 31,380           |                            | 1.00                       | 1.00                 |                    |
| 06108                             | Personnel Specialist       | 7,738                   | 7,749            | 0.28                       |                            | 0.28                 |                    |
| ** 06200                          | Career Executive           | 50,466                  | 50,521           | 1.00                       |                            | 1.00                 |                    |
| Sub-Total                         |                            | \$239,159               | \$240,332        | 3.75                       | 3.00                       | 6.75                 | 0.00               |
| <b>Non-General Fund Positions</b> |                            |                         |                  |                            |                            |                      |                    |
| Architecture & Engineering        |                            |                         |                  |                            |                            |                      |                    |
| 02003                             | Energy/Mech. Eng. Spec     | \$39,691                | \$39,734         |                            | 1.00                       | 1.00                 |                    |
| 02037                             | Temp. Class Exception      | 25,706                  | 25,741           | 0.54                       |                            | 0.54                 |                    |
| Procurement & Printing            |                            |                         |                  |                            |                            |                      |                    |
| 03211                             | Duplic MacOpr              | 20,930                  | 20,965           | 1.00                       |                            | 1.00                 |                    |
| 03222                             | Inf Sys Spec III           | 16,190                  | 16,225           | 0.50                       |                            | 0.50                 |                    |
| 09609                             | Purch/Supply Asst          | 23,587                  | 23,611           | 1.00                       |                            | 1.00                 |                    |
| 09605                             | Accounting Tech            | 23,389                  | 23,413           |                            | 1.00                       | 1.00                 |                    |
| Information Services Division     |                            |                         |                  |                            |                            |                      |                    |
| 08103                             | Secretary III              | 10,651                  | 10,663           | 0.50                       |                            | 0.50                 |                    |
| 08225                             | Inf Sys Spec IV            | 37,590                  | 37,715           | 1.00                       |                            | 1.00                 |                    |
| 08241                             | Info Sys Spec I - Impl     | 28,235                  | 28,272           |                            | 1.00                       | 1.00                 |                    |
| 08523                             | Info Sys Spec IV - Impl    | 41,737                  | 41,782           |                            | 1.00                       | 1.00                 |                    |
| 08707                             | Inf Sys Spec IV            | 46,128                  | 46,178           | 1.00                       |                            | 1.00                 |                    |
| 08730                             | Inf Sys Spec IV            | 35,862                  | 35,900           | 1.00                       |                            | 1.00                 |                    |
| 08731                             | Not Yet Classified         | 35,862                  | 35,900           | 1.00                       |                            | 1.00                 |                    |
| 09313                             | Switchboard Opr III        | 19,067                  | 19,091           | 1.00                       |                            | 1.00                 |                    |
| ** 09417                          | Planner IV                 | 31,347                  | 31,380           | 1.00                       |                            | 1.00                 |                    |
| General Services Division         |                            |                         |                  |                            |                            |                      |                    |
| 03505                             | Painter                    | 33,121                  | 33,190           | 1.00                       |                            | 1.00                 |                    |
| Central Mail                      |                            |                         |                  |                            |                            |                      |                    |
| 13002                             | Mail Clerk II              | 11,823                  | 11,841           | 0.52                       |                            | 0.52                 |                    |
| 13011                             | Mail Clerk II              | 10,317                  | 10,330           |                            | 0.50                       | 0.50                 |                    |
| Risk Management & Tort Defense    |                            |                         |                  |                            |                            |                      |                    |
| 05019                             | Not Yet Classified         | 22,230                  | 22,260           | 0.57                       |                            | 0.57                 |                    |
| Sub-Total                         |                            | \$513,463               | \$514,191        | 11.63                      | 4.50                       | 16.13                | 0.00               |
| <b>TOTAL</b>                      |                            | <b>\$752,622</b>        | <b>\$754,523</b> | <b>15.38</b>               | <b>7.50</b>                | <b>22.88</b>         | <b>0.00</b>        |

NOTES: : \* Two positions already excluded from LFA current level.  
 \*\* Three positions were eliminated by both actions.  
 They are shown eliminated by 5% reduction.

PUBLIC EMPLOYEES RETIREMENT BOARD

EXHIBIT 2  
 DATE 1/27/93  
~~HB~~

Positions Removed by Joint Committee Action  
 House Appropriations & Senate Finance and Claims  
 January 6, 1993

| Position #                        | Position Description | Total Personal Services |             | FTE                     |                         | Total FTE Removed | Non-Approp. FTE |
|-----------------------------------|----------------------|-------------------------|-------------|-------------------------|-------------------------|-------------------|-----------------|
|                                   |                      | Fiscal 1994             | Fiscal 1995 | Removed by 5% Reduction | Removed by Being Vacant |                   |                 |
| <i>General Fund Positions</i>     |                      |                         |             |                         |                         |                   |                 |
|                                   | None                 |                         |             |                         |                         |                   |                 |
| Sub-Total                         |                      | \$0                     | \$0         | 0.00                    | 0.00                    | 0.00              | 0.00            |
| <i>Non-General Fund Positions</i> |                      |                         |             |                         |                         |                   |                 |
| 03806                             | Pay Benefit Spec     | \$26,148                | \$26,179    |                         | 1.00                    | 1.00              |                 |
| Sub-Total                         |                      | \$26,148                | \$26,179    | 0.00                    | 1.00                    | 1.00              | 0.00            |
| TOTAL                             |                      | \$26,148                | \$26,179    | 0.00                    | 1.00                    | 1.00              | 0.00            |

TEACHERS' RETIREMENT BOARD

Positions Removed by Joint Committee Action  
House Appropriations & Senate Finance and Claims  
January 6, 1993

| Position #                        | Position Description | Total Personal Services |                 | FTE                        |                            | Total FTE<br>Removed | Non-Approp.<br>FTE |
|-----------------------------------|----------------------|-------------------------|-----------------|----------------------------|----------------------------|----------------------|--------------------|
|                                   |                      | Fiscal 1994             | Fiscal 1993     | Removed by<br>5% Reduction | Removed by<br>Being Vacant |                      |                    |
| <b>General Fund Positions</b>     |                      |                         |                 |                            |                            |                      |                    |
|                                   | None                 |                         |                 |                            |                            |                      |                    |
| Sub-Total                         |                      | \$0                     | \$0             | 0.00                       | 0.00                       | 0.00                 | 0.00               |
| <b>Non-General Fund Positions</b> |                      |                         |                 |                            |                            |                      |                    |
| 03908                             | Secretary III        | \$21,805                | \$21,831        |                            | 1.00                       | 1.00                 |                    |
| Sub-Total                         |                      | \$21,805                | \$21,831        | 0.00                       | 1.00                       | 1.00                 | 0.00               |
| <b>TOTAL</b>                      |                      | <b>\$21,805</b>         | <b>\$21,831</b> | <b>0.00</b>                | <b>1.00</b>                | <b>1.00</b>          | <b>0.00</b>        |

01/20/93

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## DEPARTMENT OF ADMINISTRATION

ACCOUNTING AND MANAGEMENT SUPPORT DIVISION  
1994/1995 BUDGET ISSUES

## 1. OVERVIEW OF DIVISION OPERATIONS

## A. Service and Control Functions

## B. Management Support Bureau

--Accounting/Budgeting

Department Support

--Data Processing

--Treasury

Statewide

## C. Personnel Unit

Department Support

## C. Accounting Bureau

Statewide

## 2. CONSULTING SERVICES

The information in the Statewide Cost Allocation Plan is used by agencies to negotiate the recovery of indirect costs associated with federal money they have received. The amount recovered is returned to the General Fund.

For the last several years we have contracted out these services. Prior to that time staff in the Accounting Division prepared the SWCAP. It is more cost effective to contract out these services. There has been a greater return to the General Fund due to the contractor's experience in preparing this type of study and negotiating with the feds; the contractor has developed the software needed to grind out the numbers; and the report must be prepared and negotiated at point in the fiscal year when the Division staff's available time for such projects is limited.

The increase in costs in FY 1995 is expected because the feds are requiring more information: a more detailed breakdown of what's included in the costs being recovered; additional justification for including certain costs in the study; and a longer negotiation process.

## 3. COMPUTER PROCESSING

Computer processing is broken down into two areas: systems development and ongoing operations.

B. Systems Development

The Division asked for and received the budget for the computer processing associated with systems development - the continued enhancement and maintenance of the system to provide for changes required to conform to generally

accepted accounting principles (required by statute) and to provide for changes which result from legislation enacted during the session. We also continue to develop more efficiencies in the system which will improve utilization of the system and provide cost savings in the future.

A. Ongoing Operations

Agencies are required by statute to use the Statewide Budgeting and Accounting System (SBAS). The system continues to experience tremendous growth in the number of transactions processed in SBAS:

|         |           |              |
|---------|-----------|--------------|
| FY 1990 | 4,348,915 | 7.16%        |
| FY 1991 | 4,466,169 | 2.70%        |
| FY 1992 | 4,935,879 | 10.52%       |
| FY 1993 | 5,218,705 | 5.73% (est.) |

We estimate the growth in the number of transactions to be 7% or 365,309 in FY 1994 and an additional 5% or 279,201 in FY 1995 for a total increase of 644,510 transactions for the biennium. The increase in the number of transactions is expected to cost an additional \$4,018 and \$7,089 in FY 94 and FY 95.

Other increases are associated with the increase in the number of transactions processed. Examples: Database storage costs will increase approximately \$400 and \$1,200 in FY 1994 and FY 1995. Certain other costs in this area will not decrease the 30% and 38% anticipated in FY 94 and FY 95. This includes tape usage costs which will remain the same in FY 94 and 95 and should not be deflated. The cost of tape usage is expected to be \$1,600 and \$2,000 over the budgeted amount for FY 94 and FY 95.

Other costs not included in computer processing but associated with the growth in SBAS will also increase. However, these increases have not been provided for in the current budget. Example: microfiche charges should increase approximately \$600 and \$1,015 in FY 94 and FY 95.

4. PRINTING

No chapters in the MOMs Vol. II have been updated for the past five years. Several have not been updated since the early '80s. The updates have not occurred due to budget constraints and the lack of time due to staff vacancies. We have tried to keep accounting policy current through the use of management memos. However, the basic policies are extremely outdated and are confusing to state agencies as well as the auditors who

refer to them. As a result, agencies receive audit exceptions and the staff in our Division spend a great deal of time assisting the agencies with the interpretation of policy.

The Governmental Accounting Standards Board will be issuing several new standards of accounting in the next two years which will require the interpretation and issue of policy by this Division. The Division will need to inform agencies as to these accounting changes as well as the changes which will occur in policy due to legislation enacted during this session. It is imperative these manuals be updated and distributed to all the agencies.

5. EDUCATION/TRAINING

The Division utilizes the PDC, ISD and the recently organized CPE Network for accountants within State government to receive training which enhances our work efforts and is cost effective. We will continue to utilize these services; however, there are specialized courses available which can help the Division staff to be more effective and in the long run provide potential cost savings to the Division. Example: banking courses which enable staff to more effectively negotiate the contract with the bank providing services to the State.

We also have 5 professional staff who are required to have a CPA. Maintenance of a permit to practice in order to prepare financial reports requires taking 40 credit hours of continuing education annually.

6. VACANT POSITIONS

--1.42 FTE subject to 5% reduction per Cobb Amendment.

A. SSU Supervisor (Management Analyst IV)

--Accounting Bureau

B. Accountant

--Management Support Bureau

7. CMIA MODIFICATION

This modification is required in order to implement the Cash Management Improvement Act. In 1991, Congress passed the Cash Management Improvement Act (CMIA) in order to ensure greater efficiency, effectiveness and equity in the exchange of funds between the federal government and the states. Prior to passage of the CMIA, states were allowed to retain for their own purposes any interest earned on federal funds transferred to a state "pending its disbursement for program purposes." Federal agencies had expressed concerns, however, that states

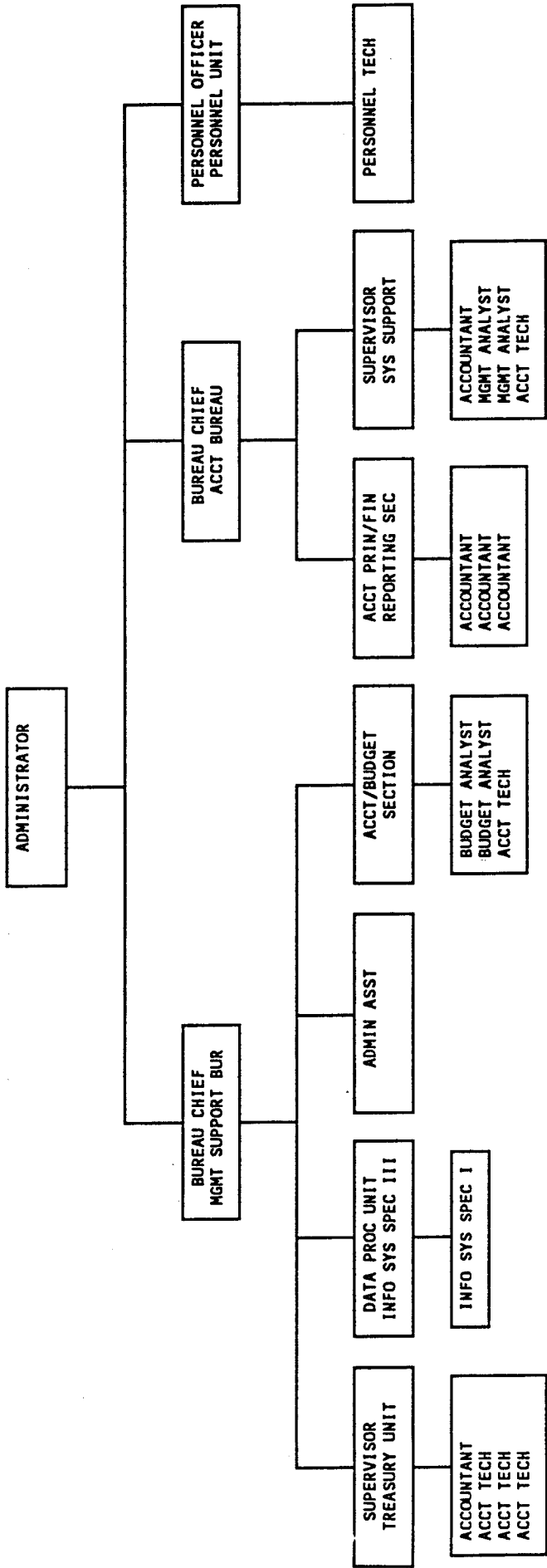


were drawing down federal funds well in advance of the time those funds were needed to redeem checks causing the federal government to lose interest earnings. At the same time, states had expressed concerns about having to pay out their own funds in advance of receiving funds from the federal government causing them to lose interest earnings until reimbursed.

The CMIA requires the Secretary of the Treasury to regulate and enforce timely disbursement by federal agencies, to negotiate and monitor agreements with the states to achieve the efficient transfer of funds, and to prescribe regulations governing the transfer of funds for program purposes. The act requires states to calculate interest earned on federal funds received and not disbursed on a timely basis. It also requires the calculation of interest due from the federal government when a state is not reimbursed on a timely basis. The net interest due is calculated and paid to the state or federal government, as appropriate.

The CMIA takes effect July 1, 1993, with the first interest payment occurring no later than March 1, 1995, for the fiscal year ended June 30, 1994. The modification provides for .5 FTE at a grade 15 to coordinate the State's implementation of the CMIA including the development of a system to determine the check clearing pattern for each type of federal assistance program and the calculation of the interest as well as coordinating the reporting required.

DEPARTMENT OF ADMINISTRATION  
ACCOUNTING/MANAGEMENT SUPPORT DIVISION



JANUARY, 1993

EXHIBIT 3  
DATE 1/27/93  
~~1993~~

| 6101 08 00000<br>DEPARTMENT OF ADMINISTRATION<br>Program Summary |                           | General Services Program  |                       |                    |                        |                       |                    |                        |
|--|---------------------------|---------------------------|-----------------------|--------------------|------------------------|-----------------------|--------------------|------------------------|
| Budget Item  | Current Level Fiscal 1992 | Current Level Fiscal 1993 | Executive Fiscal 1994 | LFA Fiscal 1994    | Difference Fiscal 1994 | Executive Fiscal 1995 | LFA Fiscal 1995    | Difference Fiscal 1995 |
| FTE  | 20.00                     | 20.00                     | 19.00                 | 20.00              | (1.00)                 | 19.00                 | 20.00              | (1.00)                 |
| Personal Services  | 653,169                   | 624,917                   | 654,591               | 689,810            | (35,219)               | 659,833               | 695,465            | (35,632)               |
| Operating Expenses   | 2,803,502                 | 3,164,929                 | 3,197,834             | 3,169,870          | 27,964                 | 3,330,730             | 3,254,809          | 75,921                 |
| Equipment  | 28,146                    | 5,184                     | 7,190                 | 6,500              | 690                    | 7,197                 | 7,197              | 0                      |
| Capital Outlay   | 10                        | 0                         | 0                     | 0                  | 0                      | 0                     | 0                  | 0                      |
| Benefits and Claims  | 1,000                     | 0                         | 0                     | 0                  | 0                      | 0                     | 0                  | 0                      |
| Transfers  | <u>54,546</u>             | <u>58,801</u>             | <u>58,801</u>         | <u>58,801</u>      | <u>0</u>               | <u>58,801</u>         | <u>58,801</u>      | <u>0</u>               |
| <b>Total Costs</b>   | <b>\$3,540,375</b>        | <b>\$3,853,831</b>        | <b>\$3,918,416</b>    | <b>\$3,924,981</b> | <b>(\$6,565)</b>       | <b>\$4,056,561</b>    | <b>\$4,016,272</b> | <b>\$40,289</b>        |
| <b>Fund Sources</b>  |                           |                           |                       |                    |                        |                       |                    |                        |
| General Fund   | 259,977                   | 345,760                   | 400,938               | 374,216            | 26,722                 | 415,739               | 383,997            | 31,742                 |
| Capital Projects Fund  | 54,546                    | 58,426                    | 58,801                | 58,801             | 0                      | 58,801                | 58,801             | 0                      |
| Proprietary Fund   | <u>3,225,851</u>          | <u>3,449,645</u>          | <u>3,458,677</u>      | <u>3,491,964</u>   | <u>(33,287)</u>        | <u>3,582,021</u>      | <u>3,573,474</u>   | <u>8,547</u>           |
| <b>Total Funds</b>   | <b>\$3,540,375</b>        | <b>\$3,853,831</b>        | <b>\$3,918,416</b>    | <b>\$3,924,981</b> | <b>(\$6,565)</b>       | <b>\$4,056,561</b>    | <b>\$4,016,272</b> | <b>\$40,289</b>        |

**Page References**

LFA Budget Analysis A-177 to A-215  
 Stephens Executive Budget A79 to A92

**Current Level Differences**

|   | Exec. Over(Under) LFA<br>Fiscal 1994 | Fiscal 1995   |
|---|--------------------------------------|---------------|
| PERSONAL SERVICES—The LFA current level is higher because it includes all positions funded by the 1991 legislature, including the "5 percent reduction" FTE.  | (35,219)                             | (35,632)      |
| JANITORIAL, CARETAKER, & TRASH REMOVAL—The LFA current level for these items is lower. It uses the fiscal 1992 actuals while the executive current level anticipates increases in fiscal 1995 due to contracts with service providers being renegotiated. |                                      | 37,609        |
| TAXES, ASSESSMENTS—The LFA current level is lower and uses the fiscal 1992 actual expenditures. The executive current level allows a 12% growth in assessments plus 10% growth for a water quality district which went into effect 7/1/92.                | 2,610                                | 4,787         |
| FUNDING ISSUE—The LFA current level continues a \$30,000 cut in general fund support that was applied in fiscal 1992 and fiscal 1993. As a result, the LFA current level general fund amount is lower.  | 30,000                               | 30,000        |
| MINOR DIFFERENCES   | (3,759)                              | 1,601         |
| INFLATION DIFFERENCES   | (197)                                | 1,924         |
| <b>TOTAL CURRENT LEVEL DIFFERENCES</b>  | <b>(6,565)</b>                       | <b>40,289</b> |

**Budget Modifications**

|   |         |         |
|---|---------|---------|
| MAJOR MAINTENANCE PROJECTS—The Executive Budget includes \$200,000 proprietary funds for major maintenance projects over the biennium. Such projects include: 1) elevator repair; 2) carpet replacement; and 3) completion of the fire protection network in the capitol complex. | 100,000 | 100,000 |
| MAJOR MAINTENANCE CONTINGENCY FUND—This item contains a \$100,000 biennial appropriation for emergency repairs or for facility modifications required by the Americans with Disabilities Act. The department has not identified potential projects.                               | 100,000 |         |
| RESTORE 5% FTE REDUCTION—The Executive Budget includes 1.0 FTE and \$66,313 in proprietary funds over the biennium to restore reductions taken to implement section 13 of House Bill 2. The duties of the position include painting and maintenance.                              | 33,122  | 33,191  |

**Language and Other Issues**

LANGUAGE-In House Bill 2 for the 1993 Biennium, there are four language appropriations which the committee may wish to consider for the 1995 Biennium:

- 1) "Funds remaining in the capitol land grant account of the capital projects fund, after the appropriations are met for the general services division of the department of administration and any project provided for in Chapter 774, Laws of 1991, are appropriated to the long-range building debt service fund for the payment of principal and interest on bond issues for public buildings at the capitol for executive, legislative, and judicial purposes, as outlined in section 12 of The Enabling Act. This appropriation is for the biennium ending June 30, 1993, and is not to exceed the annual debt service required on these bonds."
- 2) "The appropriation in item 6 in the other column includes \$58,801 in fiscal year 1992 and \$58,801 in fiscal 1993 from the capital projects fund."
- 3) "In item 6, the department may charge a maximum of \$3.28 a square foot in fiscal 1992 and \$3.34 a square foot in fiscal 1993 for office space in state-owned buildings."
- 4) "Item 6b may be used only to pay utilities costs."

ISSUE-House Bill 777, passed during the 1991 regular session, authorized the Department of Natural Resources and Conservation to issue general obligation bonds to fund energy savings projects. The proceeds from the bonds were to be used to pay for the energy savings projects. The savings would be used to pay off the bonds. For the Department of Administration (General Services), the committee needs to consider changing the budget to reflect the reduction in the utilities budget and establishing a transfer amount to make the savings available for payment of the bonds. The appropriate action would reduce utilities (2600 group) by the savings estimate and increase the transfer line (8000 group) by the amount estimated for transfer to the "Energy Savings Account".

|             | Utilities (2600 group) | Transfer (8000 Group) |
|-------------|------------------------|-----------------------|
| Fiscal 1994 | (\$30,000)             | \$28,050              |
| Fiscal 1995 | (\$55,000)             | \$51,425              |

EXHIBIT 4  
DATE 1/27/9  
HB \_\_\_\_\_

Madam Chair, committee members, my name is Debra Fulton, and I am the Administrator of the General Services Division of the Department of Administration.

The General Services Division is a diverse organization which provides for the facility needs of state government agencies, and also for the delivery of their mail. It is our goal to provide these services efficiently, and cost effectively, while holding to the highest standards of safety and quality control. We manage over 1,100,00 square feet of space on the capitol complex, and approve over 300 leases for state offices across Montana. General Services is the epitome of both of the department goals that Director Menzies mentioned to you on Monday - we control agency actions, and provide cost savings through efficient service delivery.

I have provided you with an organizational chart to help walk you through an overview of the division. You will notice that the organizational structure is very linear. In our division, the areas of service are very discrete, and do not lend themselves to any sort of organizational pyramid. We manage a wide variety of functions, most of which are specialties unto themselves. All 6 division managers report directly to the division administrator.

The first bureau that you see on this chart is Central Mail. I would ask that you skip over the Central Mail Bureau for just a minute, and I will briefly explain the facility functions of the division to you before coming back to the mail program.

The first part of the facility services function that you will see is architectural services. Architectural Services provides design and consultation services to agencies in need of our construction staff or for space design and analysis. Our architect is also a major part of the division's compliance effort for the Americans With Disabilities Act. He also oversees construction contracts for state agencies. Last year, architectural services supervised app. 100 in-house projects and 22 bid construction projects on the capitol complex. Comparisons of in-house projects and contracted construction projects reveal that contracting for construction is as much as 20 - 30% more expensive than utilizing the staff at General Services, so you can see why we value the work of our construction services staff. **GRAPH**

Next you see the facilities manager. The Facilities Manager helps agencies negotiate favorable leases with private contractors, and assures that all necessary legal provisions are contained in our lease documents. He also performs space analysis for capitol complex agencies that want to lease additional space to determine their true space needs. We created this program about 2 1/2 years ago with no additional FTE. I think you'll agree with us that the change has been well worth the effort. To date, the space analysis program has resulted in savings of \$309,600, and the leasing program has negotiated cost savings of \$1,013,463 - \$530,241 of which was for general fund agencies. These same negotiations could

result in additional savings of \$417,029 if all existing lease renewal options are exercised. I might add, as well, that many of these savings are over and above what the contracting officers of other agencies have been able to negotiate. Many agencies still maintain their own staff for leasing state space. I don't mean to imply that we could accomplish all of the leasing activities for state government with our 1 FTE, but only to show that centralizing this function has its benefits.

Next, administrative services provides billing and document processing for our proprietary programs. This program consists of an accountant, an accounting technician, and the most important person on our staff - the division receptionist!

Moving on, the Contract enforcement officer develops specifications, and awards bids for the majority of our building maintenance functions. You can see there the number of building maintenance functions which are privatized in the division. These functions currently involve 13 Contractors. The Contracts Enforcement Officer also monitors contract compliance to ensure that the state is getting the best service for its money.

Last but certainly not least, the maintenance section is headed by a Maintenance Supervisor and consists of 6 maintenance workers, 4 maintenances painters, and 2 carpenters. Most of you know Doug and his crew. This section provides all of the routine building maintenance for the 38 buildings on the capitol complex. It's interesting to note that while the capitol complex has about 2% of the number of buildings owned by state government, we maintain 10% of the square footage. Since 1983, the division has had the added responsibility for an extra 100,000 square feet of space - a 10% increase, with no additional personnel. The maintenance section, in conjunction with the division architect, also provides the construction services I discussed earlier to agencies in need of remodelling repair.

The facility program is funded from four sources. First, the division receives a small allocation from the capitol building fund for specific maintenance projects which are prioritized and approved by the Department director, above and beyond routine repairs and maintenance. Last year, for example, we added the 2 handicap lifts in the Capitol, and we will use this account to install a handicap ramp at the Governor's Mansion. A second funding source is the amount charged to agencies during the year for completion of their special projects, for example, if an agency wanted one office made into two, we would do the remodel and then charge them for the service. The third funding source is the General Fund. It provides about 12% of the facility management budget. This funding is basically to compensate the division for rent for the common areas on the capitol complex. These common areas are the legislative chambers, museum space, the executive residence, and the Old Governor's mansion. Agencies do not occupy these areas, but they must still be maintained, and the GF portion of our budget accomplishes this. Finally, app. 88% of the division

budget is a proprietary account funded by the rents we charge agencies for their office space in the capitol complex. For their rent, agencies receive heat and lights, repair and building maintenance, mechanical and elevator maintenance, janitorial services, night watchman coverage, sanitation, and pest control.

Let's move on, then to the Current level differences between the Executive and LFA budgets. The LFA underfunds janitorial, caretaker and trash removal in FY 95. Our contracts for these services lock in prices for 3 years at a time, so when a contractor bids on our services, the price has already been frozen for three years, and the contractor must anticipate what cost will be three years from now. 1/3 of our janitorial contracts rebid for FY 95, and yet the LFA does not permit any contract costs over FY94. Additionally, we know that in our mechanical maintenance contract, wages have already increased by 12.4% since the contract's inception, and we expect those costs to be carried forward in our next contract.

The LFA funds only 92 actuals for taxes and assessments, but our 93 actuals are already 12% over 92, and we haven't even seen the effect of the newly established water quality district for the City of Helena. There is also a bill in the hopper to allow municipalities to create fire protection areas which could result in even more costs in this area.

The third current level issue is funding. The LFA varies from our traditional 88/12 funding split and simply removes \$30,000 of general fund from our budget. Our rental rates were determined using the 88/12 split. The \$30,000 is probably not as large a concern as is the rate development and funding split for this program. The department seeks your instruction on future rate development. We believe the 88/12 split is a fair cost recovery formula, but we need to know how to develop our rates in the future.

#### Budget Modifications

Major maintenance - This proprietary modification is being requested for the routine maintenance program at General Services. A search of the literature and computer building maintenance software shows that the recommended percentage expenditure for facility maintenance is about 3% of the appraised building value. General Services currently only reinvests 1.87% in its facilities. It may not seem like an app. 1% difference between our current expenditures and the recommended levels is a big deal, but with 135 Million in appraised value, that 1% amounts to over 1 million dollars - we are only requesting 10% of that amount at \$100,000. This request increases that reinvestment to 1.94%.

This modification will be used in part this biennium, for fire life safety projects, and to rebuild one of the elevators in the Scott Hart Building and replaces the way we formerly requested authority for these types of expenditures. We have existing facility needs

of over \$2.25 Million - for example, the stone on this building, which we know there is no way to fund, but we think this will give us a good start, and establish an ongoing program of major facility maintenance. This proprietary modification is already calculated into the rental rates we charge agencies.

Major maintenance contingency fund - This modification has 2 purposes. First, is intended to give the Governor a source of non-general fund appropriation in the event of a necessary emergency repair on the capitol complex. The governor does currently have the authority to declare a facility emergency, but the only source of funding currently available to him is general fund. This modification is brought forth because of a recent fire in the Mitchell Building for which there was no appropriation.

The second purpose of this modification is to provide contingency funding for employment related ADA facility issues. The department is seeking funding in the LRBP to make building modifications for program accessibility. This modifications are prioritized, and funding is limited. The situation this mod envisions is a case where an agency hires a person with a disability and needs to make facility modifications to provide for that employment. In the executive budget, it is specified that these funds can only be spent by a declaration from the governor. You may want to add similar language in this bill.

Restore FTE - Demand for painting services is high, and if agencies need painting that we cannot provide, they will contract for the service. Private sector painters charge, on average, 17% more than our in-house painters cost. Also, contracting for services places a greater demand on the central office staff in the division. Quality control and supervision are also more difficult and time consuming. We do not believe that the elimination of a painter from our staff saves money, we believe it will cost the state money.

Language - 3) OBPP has approved rental rates of \$3.47 in FY 94 and \$3.57 in FY 95

4) The agency requests that no portion of our budget be line itemed to allow for greater flexibility and better management practices.

Issue - Energy Conservation - We have entered into an agreement with DNRC regarding energy retrofits in Department buildings. This agreement requires that we used energy savings to repay bonds used to finance the retrofit. Any additional savings are to be divided between the department and DNRC as an incentive to participate in the program. Why is an incentive necessary? There is always the risk that the projected energy savings will not materialize, and the agency will have to pay the bond costs anyway. Our understanding was that our budgets would only be reduced by the amount of the bond payments and DNRC's charges. It appears here that our budget is reduced for the entire amount of the energy savings. There is no incentive for agencies to take the risk of



having a bond to repay from energy savings if there is not also a possible benefit to be derived from the savings achieved. We would request that those savings be restored to our program. (What happens if the project isn't done before FY 95?)

That concludes my presentation on the General Services program.. Are there any questions before I go on to the mail Program?

The mail and distribution program serves the majority of Helena based State agencies with deadhead interagency mail service, delivery of incoming U.S. mail, the processing of out-going U.S. mail, and the operation of the U.S. Post office here in the capitol. The program is entirely funded through a proprietary account. We recover our costs through 4 funding sources.

1. Actual postage costs
2. An overhead charge for administration
3. Stipend by US post office
4. Remainder of costs are billed to agencies for their prorated use of deadhead mail services

Central Mail saves agencies the costs of equipment and maintenance, and gives them the benefit of first class presort discounts. These discounts and efficiencies allow us to send agencies mail at a 10% savings over the cost of a regular first class stamp. We have also reduced deadhead mail unit costs by 36% in the past two years. Central Mail is aggressively marketing its benefits to state agencies to increase cost savings for the state. We have increased our volumes by over 25% in the past 2 years, and anticipate another 50% increase in the next two years. We are a little concerned about these possible increases, as the proposed changes to the budget amendment statute may not allow for budget amendments for proprietary programs. Neither the Executive Budget, nor the LFA budgets for increases in the use of the program. We would hope to reserve the right to request additional spending authority for this passthrough item.

We have a number of issues with the LFA current level calculations. These issues may seem small, but the this program has a very small operational budget, and even small amounts can be significant to the operation of the program.

1. The LFA did not fully fund the overtime necessary to staff the mailroom for a legislative session. FY 92 actuals do not represent a legislative year. We will need this additional funding to provide full service for the legislature.

2. Rent - This is not actually an appropriation for rent, but rather for the rent of our postage meters. The LFA budget funds 27.5% less than we are actually paying in FY 93. Rent on these machines has increased an average of 20% a year for the past 4 years.

3101

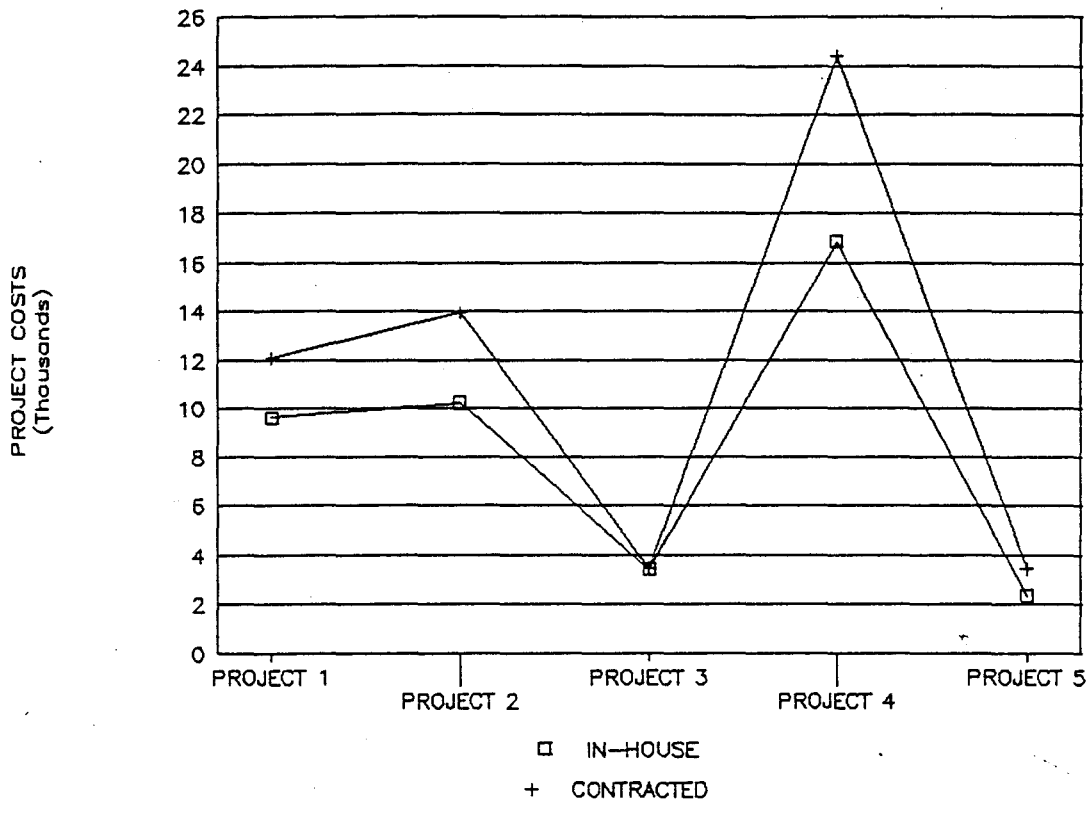
GENERAL SERVICES DIVISION

|                                |                               |                       |                         |                          |                               |
|--------------------------------|-------------------------------|-----------------------|-------------------------|--------------------------|-------------------------------|
| CENTRAL MAIL BUREAU            | ARCHITECTURAL SERVICES        | FACILITIES MANAGEMENT | ADMINISTRATIVE SERVICES | CONTRACT ENFORCEMENT     | MAINTENANCE SECTION           |
| U. S. MAIL                     | DESIGN                        | LEASE NEGOTIATIONS    | BUDGETING & ACCOUNTING  | ELEVATOR MAINTENANCE     | KEY AND LOCK SERVICE          |
| INTER-AGENCY MAIL DISTRIBUTION | COST ESTIMATING               | SPACE ALLOCATION      | PAYROLL PROCESSING      | MECHANICAL MAINTENANCE   | MINOR REPAIR & MAINTENANCE    |
| U. P. S. SERVICE               | CONTRACTED SERVICES           | SERVICE CONTRACTING   | WORK ORDER CONTROL      | SANITATION SERVICES      | PARKING FACILITY MAINTENANCE  |
| CAPITOL POST OFFICE            | QUALITY CONTROL               | Position 3600         | CLERICAL SUPPORT        | PEST CONTROL SERVICES    | PAINTING                      |
| Position 13001                 | FIRE & LIFE SAFETY COMPLIANCE |                       | Position 3615           | JANITORIAL SERVICES      | ELECTRICAL MAINTENANCE        |
| Position 13002                 | Position 1510                 |                       | Position 3102           | CAPITOL COMPLEX SECURITY | REMODELING & CONSTRUCTION     |
| Position 13003                 |                               |                       | Position 3103           | Position 3501            | FIRE & LIFE SAFETY COMPLIANCE |
| Position 13004                 |                               |                       |                         |                          | 3510                          |
| Position 13005                 |                               |                       |                         |                          | 3513                          |
| Position 13006                 |                               |                       |                         |                          | 3514                          |
| Position 13007                 |                               |                       |                         |                          | 3503                          |
| Position 13008                 |                               |                       |                         |                          | 3505                          |
| Position 13009                 |                               |                       |                         |                          | 3515                          |
| Position 13010                 |                               |                       |                         |                          | 3506                          |
| Position 13011                 |                               |                       |                         |                          | 3527                          |
| Position 13014                 |                               |                       |                         |                          | 3512                          |
| Position 13015                 |                               |                       |                         |                          | 90002                         |

EXHIBIT 6  
 DATE 1/27/92  
 FBI

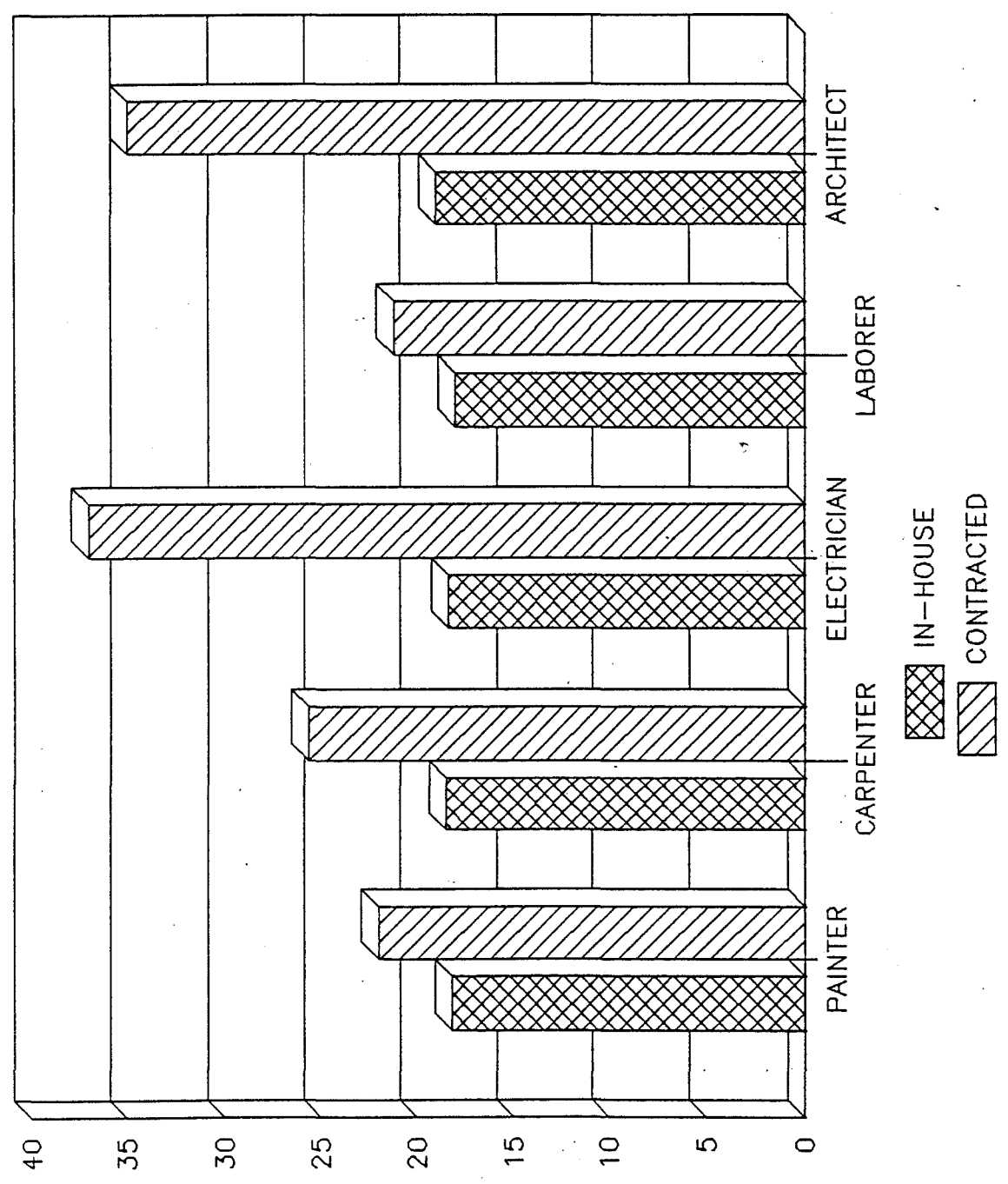
# CONSTRUCTION COST COMPARISON

IN-HOUSE VS. CONTRACTED



# LABOR COST COMPARISONS

IN-HOUSE VS. CONTRACTED



HOURLY RATE COMPARISONS

| 6101 13 0000<br>DEPARTMENT OF ADMINISTRATION<br>Program Summary |                              | Mail & Distribution Bureau   |                          |                    |                           |                          |                    |                           |
|---|------------------------------|------------------------------|--------------------------|--------------------|---------------------------|--------------------------|--------------------|---------------------------|
| Budget Item   | Current Level<br>Fiscal 1992 | Current Level<br>Fiscal 1993 | Executive<br>Fiscal 1994 | LFA<br>Fiscal 1994 | Difference<br>Fiscal 1994 | Executive<br>Fiscal 1995 | LFA<br>Fiscal 1995 | Difference<br>Fiscal 1995 |
| FTE   | 11.25                        | 11.25                        | 10.73                    | 11.25              | (0.52)                    | 10.73                    | 11.25              | (0.52)                    |
| Personal Services   | 249,634                      | 249,149                      | 245,065                  | 256,797            | (11,732)                  | 251,281                  | 261,148            | (9,867)                   |
| Operating Expenses  | 1,602,730                    | 1,598,170                    | 1,669,432                | 1,666,312          | 3,120                     | 1,664,868                | 1,660,938          | 3,930                     |
| Equipment   | 1,025                        | 6,500                        | 42,115                   | 20,615             | 21,500                    | 7,115                    | 615                | 6,500                     |
| Debt Service  | 347                          | 0                            | 1,389                    | 1,389              | 0                         | 1,428                    | 1,428              | 0                         |
| <b>Total Costs</b>  | <b>\$1,853,736</b>           | <b>\$1,853,819</b>           | <b>\$1,958,001</b>       | <b>\$1,945,113</b> | <b>\$12,888</b>           | <b>\$1,924,692</b>       | <b>\$1,924,129</b> | <b>\$563</b>              |
| <b>Fund Sources</b>   |                              |                              |                          |                    |                           |                          |                    |                           |
| Proprietary Fund  | <u>1,853,736</u>             | <u>1,853,819</u>             | <u>1,958,001</u>         | <u>1,945,113</u>   | <u>12,888</u>             | <u>1,924,692</u>         | <u>1,924,129</u>   | <u>563</u>                |
| <b>Total Funds</b>  | <b>\$1,853,736</b>           | <b>\$1,853,819</b>           | <b>\$1,958,001</b>       | <b>\$1,945,113</b> | <b>\$12,888</b>           | <b>\$1,924,692</b>       | <b>\$1,924,129</b> | <b>\$563</b>              |

**Page References**

LFA Budget Analysis A-177 to A-215  
 Stephens Executive Budget A79 to A92

**Current Level Differences**

**PERSONAL SERVICES**—The LFA current level is higher because it includes all positions funded by the 1991 legislature, including the "5 percent reduction" FTE (0.52 FTE for this program).

**OVERTIME**—The LFA current level is lower for fiscal 1995. The agency indicates that the increased amount relates to the need to keep the Capitol post office open extra hours during legislative sessions.

**RENT**—The LFA current level is lower than the executive current level. The LFA used the fiscal 1992 actual expenditure. The executive indicates that it is below fiscal 1993 actuals.

**REPAIR & MAINTENANCE**—The LFA current level is lower, but is adjusted up from fiscal 1992 actuals. The executive anticipates larger increases.

**EQUIPMENT**—The LFA current level does not include \$6,500 each year for a mail machine or \$15,000 in fiscal 1994 for upgrade of the UPS system. The agency indicates that it must replace a mail machine each year because of usage and UPS upgrade is necessary to meet handling and mailing requirements.

**MINOR DIFFERENCES**

**INFLATION DIFFERENCES**

**TOTAL CURRENT LEVEL DIFFERENCES**

|  | Exec. Over(Under) LFA<br>Fiscal 1994 | Fiscal 1995 |
|--|--------------------------------------|-------------|
|  | (11,732)                             | (12,238)    |
|  |                                      | 2,371       |
|  | 994                                  | 1,634       |
|  | 1,300                                | 1,400       |
|  | 21,500                               | 6,500       |
|  | 98                                   | 98          |
|  | 728                                  | 798         |
|  | <u>12,888</u>                        | <u>563</u>  |

**Budget Modifications**

**CENTRAL MAIL BAR CODING**—The Executive Budget adds 1.0 FTE and \$281,600 proprietary funds over the biennium to begin bar coding addresses of state agency mail. The U.S. Post Office may require customers to implement bar coding in order to continue to qualify for postal discounts. Equipment costs are \$60,000 in fiscal 1994 and \$120,000 in fiscal 1995. The budget modification includes \$30,000 in fiscal 1994 to remodel the mail room to accommodate the new equipment and install new electrical sources.

**CENTRAL MAIL EXPANSION**—This modification continues 2.0 FTE and operating costs for expansion of Central Mail services added by budget during the 1993 biennium. Central Mail services were extended to the Aeronautics Division of the Department of Transportation and State Auditor's Office and the program is experiencing volume increases due to other state agencies as well.

**RESTORE 5 PERCENT FTE REDUCTION**—The request is to restore 0.52 FTE and the proprietary fund spending authority removed in compliance with section 13 of House Bill 2.

|  |         |         |
|--|---------|---------|
|  | 119,600 | 162,000 |
|  | 504,323 | 504,387 |
|  | 11,735  | 11,752  |

**Language**

House Bill 2 for the 1993 Biennium includes language which states: "The Department may charge a maximum overhead rate of 6% each year in item 7." The committee may wish to consider this language again.

having a bond to repay from energy savings if there is not also a possible benefit to be derived from the savings achieved. We would request that those savings be restored to our program. (What happens if the project isn't done before FY 95?)

That concludes my presentation on the General Services program.. Are there any questions before I go on to the mail Program?

The mail and distribution program serves the majority of Helena based State agencies with deadhead interagency mail service, delivery of incoming U.S. mail, the processing of out-going U.S. mail, and the operation of the U.S. Post office here in the capitol. The program is entirely funded through a proprietary account. We recover our costs through 4 funding sources.

1. Actual postage costs
2. An overhead charge for administration
3. Stipend by US post office
4. Remainder of costs are billed to agencies for their prorated use of deadhead mail services

Central Mail saves agencies the costs of equipment and maintenance, and gives them the benefit of first class presort discounts. These discounts and efficiencies allow us to send agencies mail at a 10% savings over the cost of a regular first class stamp. We have also reduced deadhead mail unit costs by 36% in the past two years. Central Mail is aggressively marketing its benefits to state agencies to increase cost savings for the state. We have increased our volumes by over 25% in the past 2 years, and anticipate another 50% increase in the next two years. We are a little concerned about these possible increases, as the proposed changes to the budget amendment statute may not allow for budget amendments for proprietary programs. Neither the Executive Budget, nor the LFA budgets for increases in the use of the program. We would hope to reserve the right to request additional spending authority for this passthrough item.

We have a number of issues with the LFA current level calculations. These issues may seem small, but the this program has a very small operational budget, and even small amounts can be significant to the operation of the program.

1. The LFA did not fully fund the overtime necessary to staff the mailroom for a legislative session. FY 92 actuals do not represent a legislative year. We will need this additional funding to provide full service for the legislature.

2. Rent - This is not actually an appropriation for rent, but rather for the rent of our postage meters. The LFA budget funds 27.5% less than we are actually paying in FY 93. Rent on these machines has increased an average of 20% a year for the past 4 years.

3. Repairs and maintenance - The LFA budget does inflate our 92 actuals for FY94, but unfortunately, only enough to cover the cost increases we have already experienced in FY 93. These costs have historically increased by 10% per year.

4. Equipment - The LFA does not fund a mail machine in either year, nor does it provide for an upgrade to the UPS system. Central Mail Literally "burns" through a mail machine every year. The recommended volume for one of these machines is 2.5 to 3 million pieces. At 4 million pieces processed each year, you can see why we need new machines. This machine is the work horse of central mail, any equipment failures can lead to expensive down time. Likewise, the UPS system we requested is truly essential to the continued efficient operation of the mail room. We are budgeted for \$30,000 in UPS this fiscal year, but we have already processed \$82,475, and we project that we will spend \$250,000 - for an increase in volume of 834%. Success can bring problems, however. Our UPS system will only hold information for 300 pieces before its memory is full and it needs to be downloaded. We are downloading the system as many as 3 times per day. The system requires 40 minutes to download, so there are 2 hours per day when we cannot process UPS. Additionally, the downloaded information cannot be directly loaded into our billing system, and requires about an hour a day to enter manually. This process is also vulnerable to operator error. The system we are requesting will handle our current volume, and shipping data will automatically transfer to the billing system.

Budget Modifications - The LFA current level restores the Cobb amendment FTE, but does not include the two budget amendment positions the department has added since the last fiscal year. There is also a Swisgood position in this program. We are asking for the restoration of our full contingent of 13.25 FTE. Increasing volumes have made it necessary for us to increase our staff. The legislature saw fit to approve both of those FTE in Budget amendments to accommodate our increased volumes, and we would ask that you continue those positions to allow us to continue to services those increased volumes.

The other two modifications regard the need for Central Mail to move into barcoding technology in processing the state's mail. You are all aware of the bar codes you see on some of the bills you receive in the mail these days. You may not be aware that the US post office is embarking on an ambitious project to automate the vast majority of the country's mail. They offer incentives in the form of increased discounts for barcoded and sorted mail. Large mailing operations all over the country are converting to automated mail operations to qualify for those discounts, and to ensure that their mail is processed in the most efficient manner possible. If we do not move toward barcoding, not only will our mail delivery is slowed, but we anticipate that the discounts we currently enjoy will be phased out and we will no longer reap any financial benefit from the centralization of the mail. In order to barcode the state's mail, we will need all of our current equipment. This is

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as additional processing step and it requires an additional large piece of equipment. The addition of this equipment will make it necessary to expand and remodel the mailroom. This equipment is technologically necessary, will provide cost and efficiency savings, and will ultimately pay for itself. I can go into alot more detail about how mail is barcoded, or the reasons for us to move forward with this technological change if you would like, and I will of course be happy to answer any questions you may have.

We do have one other issue, however, before we turn to questions. The language in HB 2 will not provide for funding the mail program any longer. Central mail is requesting an increase to 7% overhead for our current processing. Part of the reason for this increase is that we are experiencing cash flow problems. We bill agencies prospectively for their postage costs, but we have to pay the post office for the postage before the correspondence is sent. Increasing volumes have made maintaining adequate cash flow very difficult.

After we bar code mail, however, we will develop a number of rate formulas depending on the makeup of the mail stream to recover the costs associated with this new technology. Well prepared mail may be charged as little as 5% overhead, while difficult mail may require an overhead charge of as much as 22%. We do not believe that directional language regarding overhead charges is necessary during this program development stage. If you feel such language is important, then we would suggest language which encourages us to keep overhead costs as low as possible and still maintain adequate cash flow, but which in no event allows us to charge more than the first class postage rate for mailing a letter. UPS and other services will remain at 7%.



| 6101 06 00000                |                           | Procurement & Printing Div. |                       |                     |                        |                       |                     |                        |
|------------------------------|---------------------------|-----------------------------|-----------------------|---------------------|------------------------|-----------------------|---------------------|------------------------|
| DEPARTMENT OF ADMINISTRATION |                           |                             |                       |                     |                        |                       |                     |                        |
| Program Summary              |                           |                             |                       |                     |                        |                       |                     |                        |
| Budget Item                  | Current Level Fiscal 1992 | Current Level Fiscal 1993   | Executive Fiscal 1994 | LFA Fiscal 1994     | Difference Fiscal 1994 | Executive Fiscal 1995 | LFA Fiscal 1995     | Difference Fiscal 1995 |
| FTE                          | 59.50                     | 62.50                       | 56.17                 | 59.50               | (3.33)                 | 60.17                 | 63.50               | (3.33)                 |
| Personal Services            | 1,526,441                 | 1,671,578                   | 1,651,841             | 1,740,992           | (89,151)               | 1,743,922             | 1,838,466           | (94,544)               |
| Operating Expenses           | 8,288,817                 | 8,709,666                   | 9,054,509             | 8,536,042           | 518,467                | 9,501,315             | 8,840,369           | 660,946                |
| Equipment                    | 248,602                   | 75,254                      | 152,356               | 151,500             | 856                    | 122,683               | 122,683             | 0                      |
| Debt Service                 | 0                         | 126,528                     | 44,200                | 44,200              | 0                      | 44,200                | 44,200              | 0                      |
| <b>Total Costs</b>           | <b>\$10,063,861</b>       | <b>\$10,583,026</b>         | <b>\$10,902,906</b>   | <b>\$10,472,734</b> | <b>\$430,172</b>       | <b>\$11,412,120</b>   | <b>\$10,845,718</b> | <b>\$566,402</b>       |
| <b>Fund Sources</b>          |                           |                             |                       |                     |                        |                       |                     |                        |
| General Fund                 | 418,256                   | 418,809                     | 446,921               | 470,738             | (23,817)               | 449,098               | 472,946             | (23,848)               |
| Proprietary Fund             | 9,645,605                 | 10,164,217                  | 10,455,985            | 10,001,996          | 453,989                | 10,963,022            | 10,372,772          | 590,250                |
| <b>Total Funds</b>           | <b>\$10,063,861</b>       | <b>\$10,583,026</b>         | <b>\$10,902,906</b>   | <b>\$10,472,734</b> | <b>\$430,172</b>       | <b>\$11,412,120</b>   | <b>\$10,845,718</b> | <b>\$566,402</b>       |

**Page References**

LFA Budget Analysis A-177 to A-215  
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**Current Level Differences**

**PERSONAL SERVICES**—The LFA current level is higher because it includes all positions funded by the 1991 legislature, including the "5 percent reduction" FTE (3.33 FTE for this program).

(89,151) (94,544)

**LEGAL FEES & COURT COSTS**—The LFA current level omits the allocation of legal fees and court costs to this program.

6,355 6,394

**PRINTING**—The LFA current level used the fiscal 1992 actual expenditures. This object of expenditure was not inflated by the LFA system but should have inflation of 4% per year generally and 7% on the cost of paper according to the agency.

511,877 654,647

**MINOR DIFFERENCES**

1,074 (56)

**INFLATION DIFFERENCES**

17 (39)

**TOTAL CURRENT LEVEL DIFFERENCES**

430,172 566,402

**Budget Modifications**

**EXCESS PROPERTY PROGRAM**—This budget modification would add \$400,000 proprietary funds over the biennium to pay freight charges for delivery of surplus property purchased from the federal government. Surplus property acquired by the state is sold to local governments and state agencies.

200,000 200,000

**MONTANA FUELING PROGRAM**—The Governor's Public Vehicle Fueling Advisory Council, established by executive order, recommended implementation of a statewide fueling network for state agencies and participating local governments. This modification would continue the FTE and the program, originally started by budget amendment in fiscal 1993. The state will enter into a contract with a "fleetcard processing" company or an oil company with a strong retail presence in Montana. Public vehicles will have access to fueling sites and use a magnetic card for billing purposes. The program will allow state agencies and local governments to avoid the cost of replacing underground fuel storage tanks and will facilitate cost savings through bulk purchasing. The program would be funded by a markup on the cost of fuel purchased.

150,117 150,114

**NATURAL GAS PROCUREMENT**—This budget modification adds \$239,000 proprietary funds over the biennium. Language in House Bill 2, passed by the 1991 legislature, authorized DoFA to purchase natural gas for state agencies and the university system, upon approval of a proposal by the Public Service Commission to allow large natural gas users to purchase their own supplies of gas directly from gas producers. A budget amendment was processed each year of the 1993 biennium to implement this plan. Natural gas is purchased for units of the university system and some institutions. DoFA estimates that the state has saved \$188,668 in fiscal 1992 and the first four months of fiscal 1993 as a result of this program.

114,000 125,000

| 6101 04 00000         |             | DEPARTMENT OF ADMINISTRATION Arch & Engineering Pgm |               |             |             |             |             |             |             |
|-----------------------|-------------|---|---------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Program Summary       |             | Current Level                                       | Current Level | Executive   | LFA         | Difference  | Executive   | LFA         | Difference  |
| Budget Item           | Fiscal 1992 | Fiscal 1993   | Fiscal 1994   | Fiscal 1994 | Fiscal 1994 | Fiscal 1994 | Fiscal 1995 | Fiscal 1995 | Fiscal 1995 |
| FTE                   | 15.00       | 15.00   | 14.46         | 15.00       | (0.54)      | 14.46       | 15.00       | (0.54)      |             |
| Personal Services     | 474,600     | 513,999   | 518,171       | 545,171     | (27,000)    | 519,149     | 546,184     | (27,035)    |             |
| Operating Expenses    | 227,096     | 325,122   | 188,642       | 182,498     | 6,144       | 200,142     | 193,744     | 6,398       |             |
| Equipment             | 23,130      | 2,500   | 18,459        | 18,459      | 0           | 7,928       | 7,928       | 0           |             |
| Transfers             | 715,248     | 682,019   | 0             | 746,128     | (746,128)   | 0           | 747,856     | (747,856)   |             |
| Total Costs           | \$1,440,075 | \$1,523,640   | \$725,272     | \$1,492,256 | (\$766,984) | \$727,219   | \$1,495,712 | (\$768,493) |             |
| <b>Fund Sources</b>   |             |   |               |             |             |             |             |             |             |
| State Revenue Fund    | 724,827     | 797,418   | 725,272       | 746,128     | (20,856)    | 727,219     | 747,856     | (20,637)    |             |
| Capital Projects Fund | 715,248     | 726,222   | 0             | 746,128     | (746,128)   | 0           | 747,856     | (747,856)   |             |
| Total Funds           | \$1,440,075 | \$1,523,640   | \$725,272     | \$1,492,256 | (\$766,984) | \$727,219   | \$1,495,712 | (\$768,493) |             |

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**Current Level Differences**

**PERSONAL SERVICES**—The LFA current level is higher because it includes all positions funded by the 1991 legislature including the "5 percent reduction" FTE (.54 FTE in this program). In addition, it includes \$1,127 each year for overtime not funded in the executive current level.

(27,000) (27,035)

**TRANSFER**—The LFA current level is higher because it reflects the transfer necessary, from the Capital Projects Fund to the State Revenue Fund, to fund the operating costs of this program. The executive is proposing to handle this with language (see Language below).

(746,128) (747,856)

MINOR DIFFERENCES

6,281 6,548

INFLATION DIFFERENCES

(137) (150)

TOTAL CURRENT LEVEL DIFFERENCES

(766,984) (768,493)

**Budget Modifications**

**RESTORE 5 PERCENT REDUCTION FTE**—The request is to restore 0.54 FTE and state special revenue fund spending authority that has been removed from this program to comply with section 13 of House Bill 2.

25,706 25,741

**Language**

The Executive Budget is recommending a language appropriation to transfer cash from the long-range building account into the state special revenue account in A&E. Historically, the legislature has appropriated such funds in a regular appropriation in House Bill 2. Legislative Council staff reviewed language appropriations and concluded that such appropriations need to state the maximum amount that can be appropriated in order to be legal, valid appropriations. If the legislature adopts a language appropriation for the long-range building cash transfer, it may wish to clearly limit the appropriation of long-range building cash to an amount no greater than the state special revenue appropriation for A&E included in the general appropriation act.

PROPOSED BILL LANGUAGE

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The Department of Administration is appropriated funds to transfer cash from the capital projects fund to the state special revenue fund for its administrative expenditures authorized by the Legislature. The appropriation may not exceed the state special revenue fund appropriation for the Architecture & Engineering Division included in the General Appropriations Act and the State Pay Plan, less any cash on hand at the beginning of the fiscal year.

| 6101 24 00000<br>DEPARTMENT OF ADMINISTRATION<br>Program Summary |                           | Risk Management & Tort Defense |                       |                  |                        |                       |                  |                        |
|--|---------------------------|--------------------------------|-----------------------|------------------|------------------------|-----------------------|------------------|------------------------|
| Budget Item  | Current Level Fiscal 1992 | Current Level Fiscal 1993      | Executive Fiscal 1994 | LFA Fiscal 1994  | Difference Fiscal 1994 | Executive Fiscal 1995 | LFA Fiscal 1995  | Difference Fiscal 1995 |
| FTE  | 13.00                     | 12.50                          | 12.43                 | 13.00            | (0.57)                 | 12.43                 | 13.00            | (0.57)                 |
| Personal Services  | 377,763                   | 441,841                        | 440,406               | 465,706          | (25,300)               | 441,728               | 467,056          | (25,328)               |
| Operating Expenses   | 2,167,059                 | 2,211,367                      | 2,339,840             | 2,337,734        | 2,106                  | 2,374,271             | 2,362,101        | 12,170                 |
| Equipment  | <u>7,898</u>              | <u>2,500</u>                   | <u>4,544</u>          | <u>4,544</u>     | <u>0</u>               | <u>0</u>              | <u>0</u>         | <u>0</u>               |
| Total Costs  | \$2,552,721               | \$2,655,708                    | \$2,784,790           | \$2,807,984      | (\$23,194)             | \$2,815,999           | \$2,829,157      | (\$13,158)             |
| <b>Fund Sources</b>  |                           |                                |                       |                  |                        |                       |                  |                        |
| Proprietary Fund   | <u>2,552,721</u>          | <u>2,655,708</u>               | <u>2,784,790</u>      | <u>2,807,984</u> | <u>(23,194)</u>        | <u>2,815,999</u>      | <u>2,829,157</u> | <u>(13,158)</u>        |
| Total Funds  | \$2,552,721               | \$2,655,708                    | \$2,784,790           | \$2,807,984      | (\$23,194)             | \$2,815,999           | \$2,829,157      | (\$13,158)             |

**Page References**

LFA Budget Analysis A-177 to A-215  
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**Current Level Differences**

PERSONAL SERVICES—The LFA current level is higher because it includes all positions funded by the 1991 legislature, including the "5 percent reduction" FTE (.57 FTE for this program).

(25,300) (25,328)

CONSULTING & PROFESSIONAL SERVICES—The LFA current level is lower in the second year because it was thought that the actuarial analysis of the fund was a biennial cost. The agency indicates that it is an annual cost and that \$10,000 also needs to be provided in fiscal 1995.

10,000

MINOR DIFFERENCES

2,040 2,040

INFLATION DIFFERENCES

66 130

TOTAL CURRENT LEVEL DIFFERENCES

(23,194) (13,158)

**Budget Modifications**

RMTD CONTRACT LEGAL SERVICES—This request would add \$150,000 in contracted legal services each year of the biennium to this program. (See LFA Budget Analysis A-184 for further description).

150,000 150,000

STATE PROPERTY APPRAISAL—The request is for \$15,000 of proprietary funds each year to appraise state property to determine value. The appraisals will be used by the RMTD in purchasing insurance to cover property risks.

15,000 15,000

**Language**

House Bill 2 for the 1993 Biennium includes language that states:

"The Department is appropriated funds to pay the deductible portion of each claim incurred and covered by a deductible insurance plan from the deductible reserve fund authorized in 2-9-202(2)."

| 6101 37 00000<br>DEPARTMENT OF ADMINISTRATION<br>Program Summary |                           | State Tax Appeal Board    |                       |                  |                        |                       |                  |                        |
|--|---------------------------|---------------------------|-----------------------|------------------|------------------------|-----------------------|------------------|------------------------|
| Budget Item  | Current Level Fiscal 1992 | Current Level Fiscal 1993 | Executive Fiscal 1994 | LFA Fiscal 1994  | Difference Fiscal 1994 | Executive Fiscal 1995 | LFA Fiscal 1995  | Difference Fiscal 1995 |
| FTE  | 10.50                     | 10.50                     | 10.50                 | 10.50            | 0.00                   | 10.50                 | 10.50            | 0.00                   |
| Personal Services  | 266,190                   | 275,048                   | 330,809               | 280,826          | 49,983                 | 331,314               | 281,331          | 49,983                 |
| Operating Expenses   | 59,012                    | 98,837                    | 66,003                | 58,319           | 7,684                  | 66,973                | 59,289           | 7,684                  |
| Equipment  | 5,183                     | 0                         | 174                   | 180              | (6)                    | 174                   | 185              | (11)                   |
| Local Assistance   | 4,737                     | 0                         | 4,737                 | 4,737            | 0                      | 4,737                 | 4,737            | 0                      |
| <b>Total Costs</b>   | <b>\$335,123</b>          | <b>\$373,885</b>          | <b>\$401,723</b>      | <b>\$344,062</b> | <b>\$57,661</b>        | <b>\$403,198</b>      | <b>\$345,542</b> | <b>\$57,656</b>        |
| <b>Fund Sources</b>  |                           |                           |                       |                  |                        |                       |                  |                        |
| General Fund   | 335,123                   | 373,885                   | 401,723               | 344,062          | 57,661                 | 403,198               | 345,542          | 57,656                 |
| <b>Total Funds</b>   | <b>\$335,123</b>          | <b>\$373,885</b>          | <b>\$401,723</b>      | <b>\$344,062</b> | <b>\$57,661</b>        | <b>\$403,198</b>      | <b>\$345,542</b> | <b>\$57,656</b>        |

**Page References**

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**Current Level Differences**

PER DIEM—The LFA current level is lower because it mistakenly omitted this item, which is the per diem paid to county county tax appeals board members. The executive current level is the correct amount for this item.

INDIRECT/ADMINISTRATIVE COSTS—The LFA current level omitted this amount which is paid to the department's data processing unit proprietary fund. The executive current level is the correct amount for this item.

**MINOR DIFFERENCES**

**TOTAL CURRENT LEVEL DIFFERENCES**

**Budget Modifications**

1993 APPRAISAL CYCLE—The request is for \$182,347 general fund over the biennium for costs associated with property appraisal and tax appeals to the State and County Tax Appeal boards. The executive anticipates appeals will increase at the end of the current reappraisal cycle, December 1992. Most of the funds are requested in fiscal 1994.

**Language**

None

**Exec. Over(Under) LFA  
 Fiscal 1994 Fiscal 1995**

49,983 49,983

~~6,396~~ ~~6,396~~

1,282 1,277

57,661 57,656

147,400 34,947

| 6104 35 0000<br>PUBLIC EMPLOYEES RETIREMENT BD<br>Program Summary |                           | Public Employees Retirement |                       |                 |                        |                       |                 |                        |
|---|---------------------------|-----------------------------|-----------------------|-----------------|------------------------|-----------------------|-----------------|------------------------|
| Budget Item   | Current Level Fiscal 1992 | Current Level Fiscal 1993   | Executive Fiscal 1994 | LFA Fiscal 1994 | Difference Fiscal 1994 | Executive Fiscal 1995 | LFA Fiscal 1995 | Difference Fiscal 1995 |
| FTE   | 20.00                     | 20.00                       | 20.00                 | 20.00           | 0.00                   | 20.00                 | 20.00           | 0.00                   |
| Personal Services   | 567,998                   | 577,003                     | 594,636               | 594,889         | (253)                  | 596,452               | 596,705         | (253)                  |
| Operating Expenses  | 368,585                   | 433,526                     | 529,460               | 508,978         | 20,482                 | 509,946               | 480,436         | 29,510                 |
| Equipment   | 14,169                    | 1,704                       | 7,716                 | 7,111           | 605                    | 5,435                 | 5,431           | 4                      |
| Total Costs   | \$950,753                 | \$1,012,233                 | \$1,131,812           | \$1,110,978     | \$20,834               | \$1,111,833           | \$1,082,572     | \$29,261               |
| <b>Fund Sources</b>   |                           |                             |                       |                 |                        |                       |                 |                        |
| Non-expendable Trust  | 950,753                   | 1,012,233                   | 1,131,812             | 1,110,978       | 20,834                 | 1,111,833             | 1,082,572       | 29,261                 |
| Total Funds   | \$950,753                 | \$1,012,233                 | \$1,131,812           | \$1,110,978     | \$20,834               | \$1,111,833           | \$1,082,572     | \$29,261               |

**Page References**

LFA Budget Analysis A-228 to A-231  
Stephens Executive Budget A99

**Current Level Differences**

|   |         |          |
|---|---------|----------|
| MEDICAL SERVICES—The LFA current level uses the fiscal 1992 actual expenditures as the base while the executive current level increases the base in each year per the agency request, which expects increases in the number of initial disability applications and the number of members on disability retirements. | 2,319   | 5,334    |
| COMPUTER PROCESSING—The LFA current level is lower than the executive current level. The LFA figures are mistakenly deflated twice. The committee should accept the executive current level for this item.  | 29,621  | 37,520   |
| MINOR DIFFERENCES   | (2,191) | (69)     |
| INFLATION DIFFERENCES   | (8,915) | (13,524) |
| TOTAL CURRENT LEVEL DIFFERENCES   | 20,834  | 29,261   |

**Budget Modifications**

|   |        |        |
|---|--------|--------|
| DISABILITY CLAIMS EXAMINER—The Executive Budget includes 1.0 FTE and related operating costs supported by retirement trust funds to review disability retirement claims. During the 1993 biennium, this service was provided by agency staff. | 39,001 | 34,591 |
|---|--------|--------|

**Language**

Language is needed to clarify the source of funds. For the 1993 biennium, the language in House Bill 2 stated:  
"The amounts listed in items 1, 1a, 1b, and 1c are appropriated from the pension trust fund".

| 6105 01 00000<br>TEACHERS RETIREMENT BOARD<br>Program Summary |                  | Teachers Retirement Program |                  |                  |                |                  |                  |                |
|---|------------------|-----------------------------|------------------|------------------|----------------|------------------|------------------|----------------|
| Budget Item   | Current Level    | Current Level               | Executive        | LFA              | Difference     | Executive        | LFA              | Difference     |
|   | Fiscal 1992      | Fiscal 1993                 | Fiscal 1994      | Fiscal 1994      | Fiscal 1994    | Fiscal 1995      | Fiscal 1995      | Fiscal 1995    |
| FTE   | 11.50            | 11.50                       | 11.50            | 11.50            | 0.00           | 11.50            | 11.50            | 0.00           |
| Personal Services   | 303,352          | 318,198                     | 329,820          | 329,818          | 2              | 330,874          | 330,873          | 1              |
| Operating Expenses  | 331,152          | 280,835                     | 273,505          | 266,423          | 7,082          | 245,231          | 237,850          | 7,381          |
| Equipment   | 8,924            | 4,489                       | 19,969           | 20,042           | (73)           | 10,964           | 11,077           | (113)          |
| Debt Service  | 0                | 0                           | 61,474           | 61,474           | 0              | 61,474           | 61,474           | 0              |
| <b>Total Costs</b>  | <b>\$643,428</b> | <b>\$603,522</b>            | <b>\$684,768</b> | <b>\$677,757</b> | <b>\$7,011</b> | <b>\$648,543</b> | <b>\$641,274</b> | <b>\$7,269</b> |
| <b>Fund Sources</b>   |                  |                             |                  |                  |                |                  |                  |                |
| Non-expendable Trust  | 643,428          | 603,522                     | 684,768          | 677,757          | 7,011          | 648,543          | 641,274          | 7,269          |
| <b>Total Funds</b>  | <b>\$643,428</b> | <b>\$603,522</b>            | <b>\$684,768</b> | <b>\$677,757</b> | <b>\$7,011</b> | <b>\$648,543</b> | <b>\$641,274</b> | <b>\$7,269</b> |

Page References

LFA Budget Analysis A-232 to A-235  
Stephens Executive Budget A100

Current Level Differences

MINOR DIFFERENCES

INFLATION DIFFERENCES

TOTAL CURRENT LEVEL DIFFERENCES

Budget Modifications

None

Language

Language is needed to clarify the source of funds. For the 1993 biennium, the language in House Bill 2 stated:

"The amounts listed in items 1, 1a, 1b, and 1c are appropriated from the pension trust fund".

| Exec. Over(Under) LFA |              |
|-----------------------|--------------|
| Fiscal 1994           | Fiscal 1995  |
| 7,084                 | 7,364        |
| (73)                  | (95)         |
| <u>7,011</u>          | <u>7,269</u> |

HOUSE OF REPRESENTATIVES  
VISITOR REGISTER

GEN. GOV. & HWYS. SUBCOMMITTEE DATE 1/27/93  
DEPARTMENT(S) DEPT. OF ADMIN. DIVISION

PLEASE PRINT

PLEASE PRINT

| NAME               | REPRESENTING            |  |
|--------------------|-------------------------|--|
| Susan Campbell     | Adm, Gen. Serv.         |  |
| Connie Griffith    | Adm, Acctg & Mgmt Supp  |  |
| LOIS MENZIES       | ADMINISTRATION          |  |
| EARL ZUECKE        | MGMT SUPPORT            |  |
| Grant Hiesterman   | Admin / Gen. Services   |  |
| Debbie Fulton      | " " "                   |  |
| MARION EICHOLTZ    | "                       |  |
| Kathy Willis       | " / A&E DIV.            |  |
| Jere-Ann Nelson    | STAB                    |  |
| John J. McLaughlin | "                       |  |
| Brett Dahl         | Admin / Risk Mgt - Tort |  |
| George H. Harris   | Admin / RMTS            |  |
|                    |                         |  |
|                    |                         |  |
|                    |                         |  |
|                    |                         |  |
|                    |                         |  |

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.